

OPIC Highlights

Supporting Private Sector Investment in Afghanistan

Since 2003, OPIC has provided more than \$53 million in finance and insurance to projects ranging from construction and manufacturing to tourism infrastructure, transportation and services.

OPIC Agreement Marks Start of Kabul Hotel Project

OPIC Executive Vice President Ross Connelly in June 2003, signed a commitment letter enabling the start of construction on a 205-room hotel in Kabul - the largest U.S. private investment in Afghanistan in a generation and an example of the Bush Administration's commitment to the country's reconstruction.

OPIC will provide \$40 million in support to the hotel project, comprising \$24.5 million in financing and \$16.1 million in political risk insurance. OPIC is reinsuring a property casualty insurance subsidiary of American International Group (AIG) that is also supporting the project.

The hotel, to be called the Hyatt Regency Kabul, will be located in the heart of Kabul's business, government, and diplomatic district, and will offer a full range of meeting facilities, as well as a business center.



U.S. Small Businesses Use OPIC Loans to Revive Afghanistan's Economy

OPIC recently announced a \$150,000 loan to a small, woman-owned business, Tarsian & Binkley of California, to establish a women's fashion enterprise in Kabul and to market its products for sale in Europe and selected U.S. cities.

Tarsian & Binkley specializes in designing and manufacturing ready-to-wear apparel and accessories for women using handiwork techniques unique to Afghanistan.

Tarsian & Binkley's products will include hand-embroidered, beaded, or hand-crocheted women's up-market clothing, as well as necklaces, bracelets, and anklets made of beads, silver, copper and occasionally semi-precious stones. The business will use raw materials from Afghanistan and India; accessories and jewelry will be purchased from local artisans.

"We are pleased to support a U.S. small business working actively to revive Afghanistan's economy," OPIC President and CEO Dr. Peter Watson said. "That this enterprise will enable

new markets worldwide to gain an appreciation of an important aspect of Afghan culture is another valuable feature of the project."

U.S. Small Business Helps Rebuild Key Highway in Afghanistan

OPIC will provide \$5.4 million in political risk insurance to ARC Construction Company of New York City, a U.S. small business, to help repair the vital Kabul-to-Kandahar highway in Afghanistan, reducing traveling time from Kabul and the country's second-largest city from two days to six hours.

The OPIC insurance will cover heavy equipment used to repair the first 30 miles of the highway, as well as to construct a U.S. Embassy in Kabul, and for future projects. ARC was established specifically to undertake infrastructure reconstruction projects in Afghanistan, and employs trained Afghans to do so.

The 745-mile road is a principal trade route in the land-locked country, parts of which were destroyed after the Soviet invasion in 1979. Its reconstruction will lower trading costs, as well as improve safety and access to health care and education.



OPIC Loan Helps Build Single-Family Homes in Afghanistan



Workers in Afghanistan consult construction plans for the AFCO-Kandahar Valley project

In a significant boost to Bush Administration efforts to support the reconstruction of Afghanistan, OPIC has concluded a loan agreement to provide a \$3 million loan to AFCO – Kandahar Valley, a subsidiary of AFCO International of Virginia, for the construction of more than 2,500 single-family homes and associated infrastructure such as roads, water and sewer systems, and community buildings, including a school. The homes are the first stage in a project designed to construct more than 20,000 homes and associated infrastructure; the result, called Kandahar Valley, will provide moderately-priced, modern housing to an area devastated by more than two decades of conflict.

“Afghanistan urgently needs adequate and affordable housing as a foundation for its economic development. OPIC and AFCO International are working together to begin to meet that need,” OPIC President and CEO Dr. Peter Watson said. “Brick by brick, the goals for the reconstruction of Afghanistan are materializing with the critical involvement of U.S. private sector investment supported by OPIC.”

OPIC Insurance Enables U.S. Company to Build Schools in Afghanistan

OPIC will provide \$35,000 in insurance to Vermeer Manufacturing Company, an Iowa-based industrial and agricultural equipment manufacturer, for the transportation of a compressed earth block machine to Kabul. It will then be donated to Shelter for Life (SFL), a Wisconsin-based non-governmental organization, which specializes in providing shelter to refugees and disaster victims worldwide. SFL will use the machine to construct schools in Kabul, under the auspices of the U.S. Agency for International



Shelter for Life International is helping rebuild roads, housing and schools in Afghanistan Photo: Shelter for Life International

Development.

“Provision of quality schools will be critical to Afghanistan’s future growth, for both boys and especially girls, who were denied access to education during Taliban rule. The girls’ school resulting from this project will represent the first educational facility for girls since the Taliban,” OPIC President and CEO Dr. Peter Watson said.

Vermeer Manufacturing’s compressed earth block machine, relying on substances such as local sand and clay, is able to generate homebuilding materials that cost 10 percent to 25 percent less than those using conventional resources.

OPIC Offers Stand-Alone Terrorism Insurance to Protect U.S. Businesses Overseas

In July 2003, OPIC announced that it will offer stand-alone terrorism insurance to support the international war against terrorism and further protect American businesses abroad. Previously, terrorism coverage was only available under OPIC’s broader political violence coverage.

“Unfortunately, American businesses increasingly have become potential targets for terrorist activities overseas,” OPIC President and CEO Dr. Peter Watson said. “By offering stand-alone coverage for companies whose main insurance concerns are terrorist-related we can provide a more cost effective product that will help to continue supporting for foreign direct investment in these areas.”

OPIC’s terrorism insurance will cover violent acts with the primary intent of achieving a political objective, undertaken by individuals or groups that do not constitute a national or international armed force. In addition, coverage will include protection against threats posed by weapons of mass destruction. OPIC will offer tenors of up to 10 years and will cover countries for which private sector insurance is not readily available.

Watson noted that Congress passed the Terrorism Risk Insurance Act of 2002 (TRIA) to ensure the continued availability of terrorism insurance domestically. “OPIC’s new product will do the same for insurance of American projects abroad, which TRIA does not cover,” he said. “We will also work with the private sector by reinsuring sabotage and terrorism coverages for U.S. corporations and U.S. lenders and by filling the gaps in coverage currently available.”



OPIC is a U.S. government agency that helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy. Because OPIC charges market-based fees for its products, it operates on a self-sustaining basis at no net cost to taxpayers. Since 1971, OPIC has supported more than \$150 billion worth of investments that have generated over \$66 billion in U.S. exports and supported more than 257,000 American jobs. For more information please go to www.opic.gov.